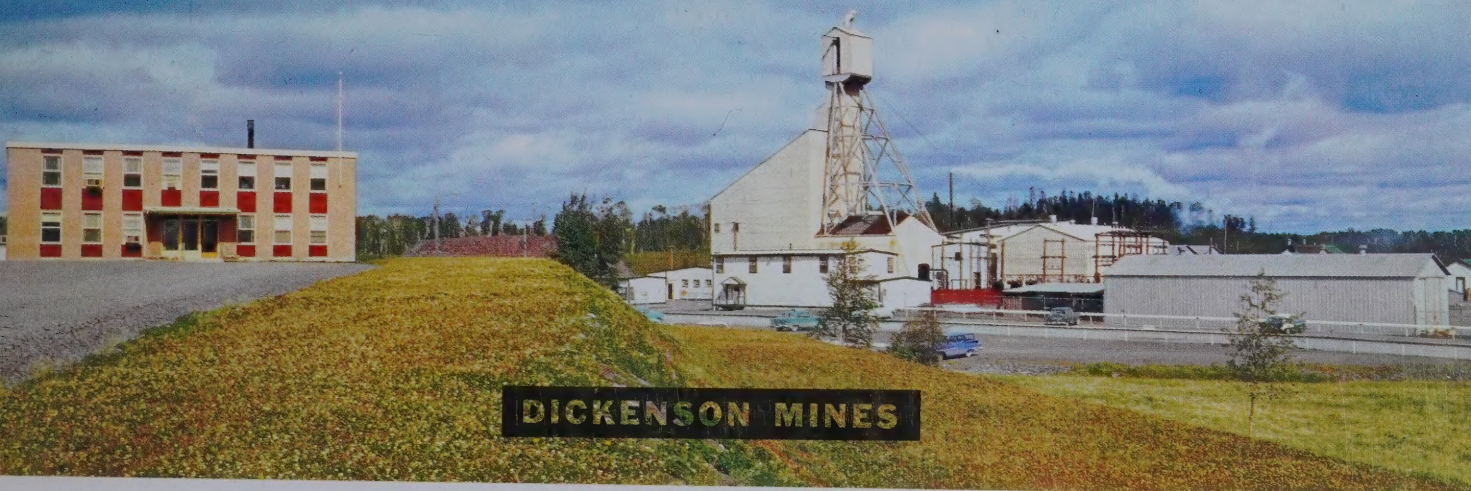


AR38



DICKENSON MINES

THE **DICKENSON**

GROUP OF COMPANIES

**ANNUAL REPORTS
1971**



ELAND MINES



KAM-KOTIA MINES

DICKENSON MINES

(and its subsidiary Robin Red Lake Mines)

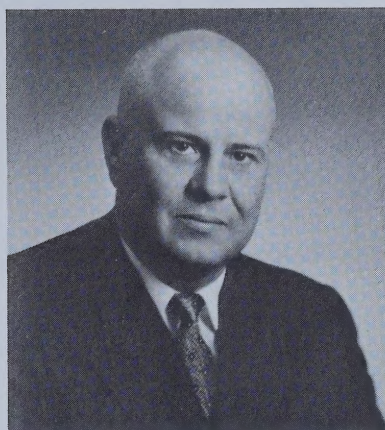
KAM-KOTIA MINES

JAMELAND MINES

AS A GROUP from inception to December 31, 1971,
have produced mineral wealth as follows:

1,659,567	ounces	of	GOLD
5,244,599	ounces	of	SILVER
139,100,699	pounds	of	COPPER
147,370,182	pounds	of	ZINC
51,864,333	pounds	of	LEAD

The Annual Reports for 1971 for Dickenson Mines, Kam-Kotia Mines and Jameland Mines are presented together due to the corporate relationship between the three companies.



ARTHUR W. WHITE
President

DICKENSON MINES
KAM-KOTIA MINES
JAMELAND MINES
ROBIN RED LAKE MINES

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DICKENSON MINES LIMITED

DIRECTORS

A. W. WHITE - - - - - Toronto, Ont.
 C. R. DIEBOLD - - - - - Buffalo, N.Y.
 President, First Empire State Corporation
 F. A. FELL - - - - - Toronto, Ont.
 J. J. JODREY - - - - - Hantsport, N.S.
 President, Minas Basin Pulp and Power Co. Ltd.
 S. C. SMITH - - - - - Richmond Hill, Ont.
 H. V. WHITE - - - - - Toronto, Ont.
 D. C. RANCE - - - - - Balmertown, Ont.
 Mine Manager, Dickenson Mines

OFFICERS

ARTHUR W. WHITE - - - - - President
 CHARLES R. DIEBOLD - - - - - Vice-President
 H. RODNEY HEARD - - - - - Secretary-Treasurer
 JAMES GEDDES - - - - - Assistant Secretary

HEAD OFFICE

25 Adelaide St. West, Suite 416 - - - - - Toronto, Ont.
 Telephone 362-4581

MINE OFFICE

Balmertown, Ontario

AUDITORS

Gardner, McDonald & Co. - - - - - Toronto, Ont.

BANKERS

Canadian Imperial Bank of Commerce - - - - - Toronto, Ont.
 The Bank of Nova Scotia - - - - - Toronto and Balmertown, Ont.

REGISTRAR AND TRANSFER AGENTS

The Sterling Trusts Corporation - - - - - Toronto, Ont.
 Bank of New York - - - - - New York City, N.Y.
 The First National Bank of Jersey City - - - - - Jersey City, N.J.

STOCK LISTED

Toronto Stock Exchange — symbol DML

ANNUAL MEETING

Monday, May 29, 1972, at 10:00 a.m. (Toronto Time)
 Alberta Room, Royal York Hotel, Toronto, Ontario.

DICKENSON MINES LIMITED

SUMMARY

10 YEAR RECORD

	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	To date
Bullion production	*\$ 3,171	2,571	2,998	2,699	3,101	3,615	3,484	3,453	3,476	3,408	60,050
Emergency gold mining assistance	*\$ 325	650	568	718	507	258	205	208	—	—	5,094
Depreciation	*\$ 129	197	227	255	256	253	249	215	207	183	5,807
Dividends from Kam-Kotia Mines Ltd.	*\$ —	250	202	202	404	202	—	—	—	—	1,260
NET PROFIT	*\$ 264	121	660	447	838	809	744	858	827	1,135	12,130
Net profit per share	7¢	3¢	18¢	13¢	24¢	23¢	21¢	24¢	24¢	32¢	—
Dividends paid per share	—	6¢	5¢	5¢	10¢	10¢	22¢	28¢	26¢	18¢	\$2.40
Shares issued	3,556,000			3,514,340			3,510,340			—	
Tons of ore milled	* 122	168	174	161	169	173	177	178	179	176	3,356
Grade — ounces per ton (Millheads)	0.595	0.453	0.490	0.480	0.530	0.601	0.562	0.560	0.554	0.559	0.490
Ounces of gold produced	61,226	65,876	77,977	71,005	81,830	95,563	92,096	91,244	91,709	90,522	1,630,578
Ore reserves, Tons	367,513	420,769	474,669	513,281	537,473	571,986	586,777	589,230	591,369	576,717	—
Grade, ounces per ton	0.507	0.516	0.505	0.507	0.530	0.536	0.546	0.538	0.507	0.515	—
Employees	237	239	245	247	276	287	266	284	290	290	—
Shareholders	4,030	3,992	3,971	3,890	3,870	4,000	3,975	4,488	4,151	4,240	—

* In thousands.

DICKENSON MINES LIMITED

DIRECTORS' REPORT TO SHAREHOLDERS

The Board of Directors submits herewith the Annual Report of Dickenson Mines Limited together with the Consolidated Financial Statements for the year ended December 31, 1971, reported upon by the auditors. Robin Red Lake Mines Limited is a subsidiary of the Company and consequently, the financial statements are now consolidated. A Statement of Income and Retained Earnings for Robin Red Lake Mines Limited is included.

Operating income increased and net income for Dickenson, in 1971, at \$264,294, is more than double the net income in 1970 of \$121,094.

A lower tonnage of proven and broken ore reserves is reported at December 31, 1971. This, however, is offset by higher grade which resulted from cleaning out lower grade stopes in 1970.

ROBIN RED LAKE MINES LIMITED

Dickenson Mines and Robin Red Lake Mines have made a mutually advantageous agreement. It provides for mining and milling a minimum of 100 Tons per Day on a fixed fee basis of cost plus \$8.00 per ton milled through the Dickenson milling facilities.

Although ore came from development of the Robin stopes during the whole of 1971, it was not until August that 100 tons per day capacity was achieved. Consequently, during 1971, an average of 72 tons per day was milled. The tonnage rate during 1972 is likely to be over 100 tons per day.

The cost of mining, milling and refining the Robin ore does not qualify the Robin gold for Emergency Gold Mining Assistance and consequently, Robin sells its gold in the free market. The average price received for Robin's gold, in the free market, for the year 1971, was \$41.59 per ounce.

THE PRICE OF GOLD

In the Annual Report for 1970, we referred to "the strong upward trend in the free market for Gold"; it was then trading around \$39.00 per ounce.

Today, we are able to report that an average price of \$41.59 was obtained for that portion of production sold in the free market. The portion sold to the Canadian Mint and qualifying for Emergency Gold Mining Assistance of \$5.61 per ounce brought the average for all gold sold to \$37.18 per ounce. This compares with \$36.55 in 1970.

During the last two months of 1971, it was to Dickenson's advantage to sell in the free market. It has been announced that the price to be paid by the Canadian Mint is to be raised to \$38.00 per ounce. With E.G.M.A. for Dickenson, in the order of \$5.61 per ounce, it is obviously more beneficial to sell in the free market when prices are in excess of \$44.00 per ounce.

The price of gold during the first 3½ months of 1972 has ranged from \$46.225 to \$49.42 per ounce.

APPRECIATION

The Board of Directors wishes to express its appreciation for the co-operation and loyalty of the Officers and Personnel of the Company.

Submitted on behalf of the Board,

ARTHUR W. WHITE,

President.

Toronto, Ontario.
April 14, 1972.

DICKENSON MINES LIMITED

ASSETS

Current	1971	1970
Cash and short-term deposits	\$ 81,567	\$ —
Bullion on hand and in transit, at net realizable value	315,489	201,285
Emergency gold mining assistance receivable	17,863	254,282
Accounts receivable and accrued interest	83,446	62,522
Prepaid expenses	17,411	15,421
	<u>515,776</u>	<u>533,510</u>
Investment in Other Companies (Notes 7 - 9)		
2,097,108 shares (2,090,108 in 1970) Kam-Kotia Mines Limited, at cost (quoted market value, 1971 — \$870,300; 1970 — \$2,131,910)	3,138,624	3,133,976
Other listed shares, at cost (quoted market value, 1971 — \$365,616; 1970 — \$375,830)	1,420,187	1,406,077
Interest in non-consolidated subsidiary companies, at cost (Note 1)	147,063	150,579
Other shares, bonds, advances and participations, at cost	2,357,940	3,018,081
	<u>7,063,814</u>	<u>7,708,713</u>
Less: Allowance for decline in value	1,816,133	2,500,000
	<u>5,247,681</u>	<u>5,208,713</u>
Fixed, at cost		
Buildings, machinery and equipment	5,883,722	5,916,448
Less: Accumulated depreciation (Note 4)	5,595,744	5,515,341
	<u>287,978</u>	<u>401,107</u>
Mining claims	392,293	392,293
Townsite lots	86,738	89,237
	<u>767,009</u>	<u>882,637</u>
Other Assets and Deferred Charges		
Interest in and expenditures on outside mining properties less amounts written off	472,447	459,962
Deferred development expenditures (Note 3)	458,941	557,525
Stores and supplies, at average cost	367,253	319,000
Deposits with government agencies	5,918	5,918
Other deferred charges	27,170	18,083
	<u>1,331,729</u>	<u>1,360,488</u>
	<u>\$7,862,195</u>	<u>\$7,985,348</u>

The accompanying notes form an in

Consolidated Balance Sheet

December 31, 1971

LIABILITIES

Current	1971	1970
Bank overdraft	\$ —	\$ 12,132
Bank loan (Note 2)	119,000	520,000
Accounts payable	307,208	280,538
Wages payable	40,288	39,790
Mining taxes payable	9,000	10,750
	<u>475,496</u>	<u>863,210</u>
Minority Interest	<u>131,773</u>	<u>131,506</u>

SHAREHOLDERS' EQUITY

Share Capital		
Authorized		
3,750,000 shares of \$1 each		
Issued		
3,556,000 shares	3,556,000	3,556,000
Contributed Surplus	1,430,129	1,430,129
Retained Earnings	2,268,797	2,004,503
	<u>7,254,926</u>	<u>6,990,632</u>

On behalf of the Board:

A. W. WHITE, Director.

S. C. SMITH, Director.

\$7,862,195

\$7,985,348

of these financial statements.

DICKENSON MINES LIMITED

Consolidated Statement of Income

For the year ended December 31, 1971

Revenue	1971	1970
Bullion production	\$3,171,271	\$2,571,552
Emergency gold mining assistance	325,389	649,838
	<u>3,496,660</u>	<u>3,221,390</u>
Expense		
Marketing	17,249	14,340
Exploration and development	381,693	266,340
Mining	1,425,515	1,359,281
Milling	558,147	539,056
Mine management, office and general	445,588	407,281
Head office administration and general	140,411	152,500
Interest on bank loans	29,365	27,360
Provision for Ontario mining taxes	9,379	10,750
	<u>3,007,347</u>	<u>2,776,908</u>
Operating Income	489,313	444,482
Other Income		
Dividend from Kam-Kotia Mines Limited	—	250,153
Income from other investments	3,191	54,656
Profit on sale of investments	50	112,984
	<u>492,554</u>	<u>862,275</u>
Other Expense		
Provision for depreciation of buildings, machinery and equipment (Note 4)	128,773	197,405
Amortization of deferred development expenditures (Note 3)	98,584	14,800
Outside exploration written off (Note 5)	70	25,992
	<u>227,427</u>	<u>238,197</u>
Income before the undernoted	265,127	624,078
Minority shareholders' interest in earnings of subsidiary	833	2,984
Income before extraordinary item	264,294	621,094
Provision for decline in value of investments in other companies	—	500,000
Net Income for the year	<u>\$ 264,294</u>	<u>\$ 121,094</u>
Earnings per share		
Before extraordinary item	\$.07	\$.17
After extraordinary item .....	.07	.03

The accompanying notes form an integral part of these financial statements.

DICKENSON MINES LIMITED

Consolidated Statement of Retained Earnings

For the year ended December 31, 1971

	1971	1970
BALANCE, at beginning of year	\$2,004,503	\$2,096,769
Add: Net income for the year	264,294	121,094
	<u>2,268,797</u>	<u>2,217,863</u>
Deduct: Dividends paid	—	213,360
Balance, at end of year	<u>\$2,268,797</u>	<u>\$2,004,503</u>

Consolidated Statement of Source and Disposition of Funds

For the year ended December 31, 1971

Source of Funds	1971	1970
Net income for the year	\$ 264,294	\$ 121,094
Add: Charges not requiring the use of funds		
Provision for depreciation	128,773	197,405
Outside exploration written off	70	25,992
Provision for decline in value of investments	—	500,000
Amortization of deferred development expenditures	98,584	14,800
Minority interest in earnings of subsidiary	833	2,984
	<u>492,554</u>	<u>862,275</u>
Cash earnings from operations	492,554	862,275
Decrease in stores and supplies	—	21,141
Decrease in deferred charges	—	2,918
Federal special refundable tax recovered	—	6,901
	<u>492,554</u>	<u>893,235</u>
Disposition of Funds		
Dividends	—	213,360
Exploration expenditures on outside properties	12,555	57,436
Fixed asset additions (net)	13,145	117,481
Investment in and advances to other companies (net)	39,534	1,031,585
Increase in deferred charges	9,087	—
Increase in stores and supplies	48,253	—
	<u>122,574</u>	<u>1,419,862</u>
Increase (Decrease) in working capital	369,980	(526,627)
Working capital (deficiency) at beginning of year	(329,700)	196,927
Working Capital (Deficiency) at end of year	<u>\$ 40,280</u>	<u>\$ (329,700)</u>

The accompanying notes form an integral part of these financial statements.

DICKENSON MINES LIMITED

AUDITORS' REPORT

To the Shareholders
Dickenson Mines Limited

We have examined the consolidated balance sheet of Dickenson Mines Limited and its subsidiary as at December 31, 1971 and the consolidated statements of income, retained earnings and source and disposition of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1971 and the results of their operations and the source and disposition of their funds for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

GARDNER, McDONALD & CO.,
Chartered Accountants.

Toronto, Ontario,
April 6, 1972.

Notes to Consolidated Financial Statements

December 31, 1971

1. PRINCIPLES OF CONSOLIDATION

The statements of Robin Red Lake Mines Limited for the year ended December 31, 1971 are included in these consolidated financial statements.

The accounts of Duchesne Red Lake Mines Limited and Kenwest Mines Limited have not been consolidated with those of the company as these subsidiaries are dormant and development expenditures since acquisition of control have been deferred to future operations.

2. BANK LOAN

The company has lodged certain of its marketable securities as security for the bank loan.

3. AMORTIZATION

Robin Red Lake Mines Limited amortizes deferred development expenditures at the rate of \$3.75 per ton of ore milled.

4. DEPRECIATION

Depreciation has been recorded in the accounts using the straight line method at the rate of 15% per annum.

DICKENSON MINES LIMITED

5. OUTSIDE EXPLORATION

Costs incurred in exploration of outside properties are charged to operations when the company relinquishes its interest in such properties.

6. STATUTORY INFORMATION

Remuneration of directors and senior officers (as defined in the Business Corporations Act, 1970) during the year ended December 31, 1971 amounted to \$86,588 (\$89,926 in 1970).

7. QUOTED MARKET VALUES OF INVESTMENTS IN OTHER COMPANIES

Investments in other companies, carried at a net value of \$5,247,681 include securities which had a quoted market value on December 31, 1971 of approximately \$1,401,850. This latter amount does not necessarily represent the value of these holdings, which may be more or less than that indicated by market quotations.

8. COMMITMENT RE JAMELAND MINES LIMITED

By agreement dated October 15, 1968, Dickenson Mines Limited and Kam-Kotia Mines Limited jointly guaranteed repayment of bank loans to Jameland Mines Limited totalling \$1,000,000 at December 31, 1971.

On January 1, 1972 Dickenson, as to 40%, and Kam-Kotia, as to 60%, commenced advancing a total of \$50,000 per month to Jameland. As agreed, Jameland is applying the funds so received in repayment of its bank loans, and is issuing interest-bearing demand notes payable to Dickenson and Kam-Kotia against their advances to it.

9. KAM-KOTIA MINES LIMITED

At December 31, 1971 Dickenson owned 48.88% of the outstanding capital of Kam-Kotia Mines Limited. Dickenson's proportionate interest in Kam-Kotia's 1971 net loss of \$597,000 amounted to \$291,814.

10. INCOME TAXES

The company has no current liability for income taxes principally because of the deduction allowable to operators of gold mines equal to \$4 per ounce of gold produced in the year. The company does not consider the adoption of the tax allocation method of accounting for income taxes to be appropriate as the effect on these financial statements would be immaterial.

Deferred development expenditures incurred by Robin Red Lakes Mines Limited have been financed by Dickenson and other companies to the extent of \$473,000 in consideration of the issue of treasury shares at varying prices under the terms of option agreements. Under the provisions of Section 83A of the Income Tax Act these expenditures have been claimed for tax purposes by the financing companies. As a result they cannot be claimed for tax purposes by Robin.

REPORT OF OPERATIONS

We report as follows on the operations at Dickenson Mines for the year 1971.

PRODUCTION

Ore milled	122,347 tons.
Recovery	61,225.9 oz. GOLD or 0.500 oz. per ton. 5,272 oz. SILVER.
Bullion value	\$2,285,000 or \$14.78 per ton.
Average value received	\$37.18 per ounce GOLD. \$ 1.55 per ounce SILVER.
Emergency Gold Mining Assistance (estimated)	\$343,466 or \$5.61 per ounce GOLD.

MINING

Development	3,607 tons grading 0.361 ounces per ton
Stopes and stope development	119,266 tons grading 0.577 ounces per ton
Robin stope and stope development	26,289 tons grading 0.872 ounces per ton
Total ore hoisted	<u>149,162 tons</u>

MILLING

Summary of Mill Operations with the previous year given for comparison.

	1971	1970
Tons Treated (including 26,289 tons of Robin ore in 1971)	148,636	167,663
Percent Operating Time	95.51	98.90
Tons Treated per day	407.2	459.4
Average Value of Millheads in ounces of Gold per ton	0.595	0.453
Assay of Mill Tails in ounces of Gold per ton	0.041	0.036
Recovery in ounces of Gold	0.554	0.417
Percent Recovery	93.11	92.07

DEVELOPMENT

Crosscutting and Drifting, and Raising, etc.	2,810 feet
Underground diamond drilling	23,877 feet

ORE RESERVES

Proven ore reserves at 31 December, 1971, were calculated at 367,513 tons having an average grade of 0.507 ounces of Gold per ton. This compares with 420,769 tons grading 0.516 ounces per ton at 31 December, 1970.

Of the ore reserves, 83% are located within the 15th to the 27th levels of the mine.

We wish to thank the President and Directors, for their guidance and support, and to express our appreciation to the Mine Department Heads, Staff and employees who have served the Company efficiently during the past year.

Respectfully submitted,

D. C. RANCE,
Mine Manager.

ROBIN RED LAKE MINES LIMITED

Statement of Income and Retained Earnings

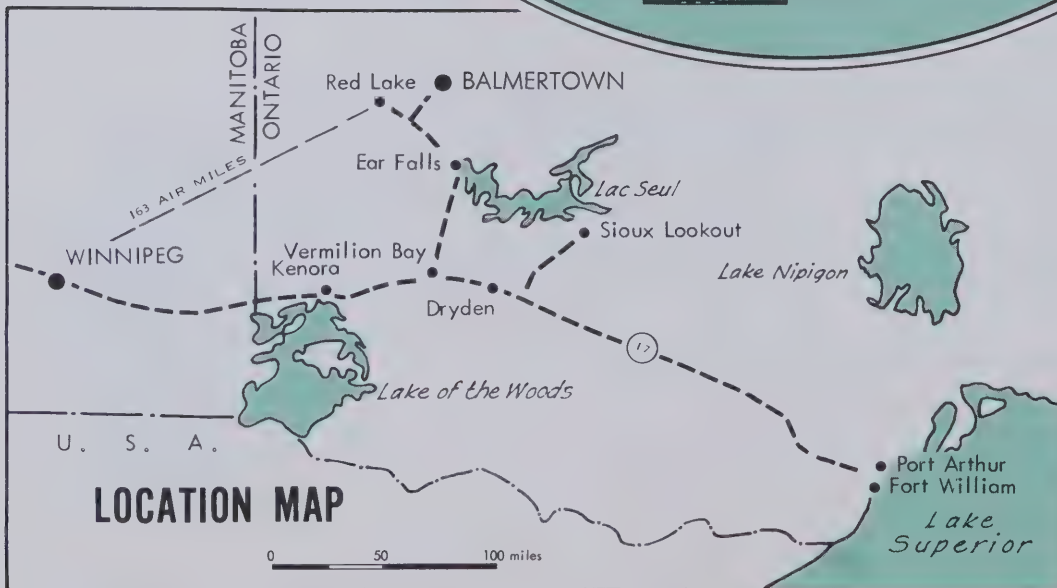
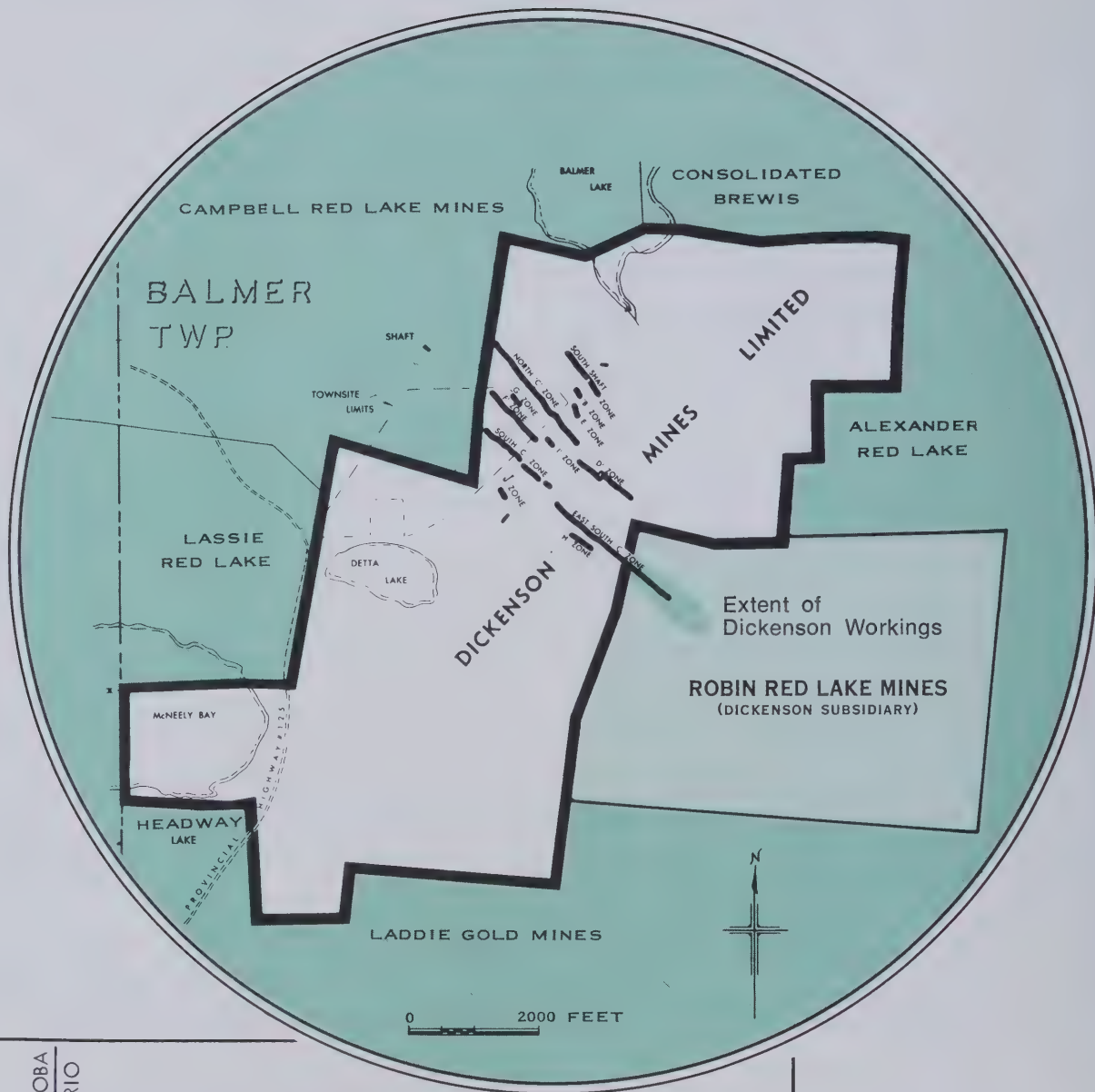
For the year ended December 31, 1971

REVENUE	1971	1970*
Bullion production	\$ 886,695	\$ 152,213
 EXPENSE		
Development	153,013	16,695
Mining	225,081	23,475
Milling	98,718	13,034
Fees and charges for the use of underground facilities of parent company	182,340	45,559
Mine management, office and general	101,413	10,517
Head office administration and general	9,532	1,500
Marketing	4,406	810
Provision for Ontario Mining Tax	9,379	10,750
	<u>783,882</u>	<u>122,340</u>
OPERATING INCOME	102,813	29,873
 OTHER EXPENSE		
Amortization of deferred development and administrative expenditures (Note 3)	98,584	14,800
NET INCOME FOR THE YEAR	4,229	15,073
Retained earnings, at beginning of year	15,073	—
RETAINED EARNINGS, at end of year	<u>\$ 19,302</u>	<u>\$ 15,073</u>

* Operations for 1970 include only those transactions that occurred after November 17, 1970.

Brief Summary of Operations

	1971	1970
Tons of ore treated	26,289	3,949
Ounces of gold produced	21,321	3,946
Value of production	\$ 886,695	\$ 152,213
Average price received per ounce of gold	\$41.59	\$38.57
Cash flow	\$ 102,813	\$ 29,873
Shares outstanding	2,873,188	2,873,188
Cash flow per share	3.6¢	1.0¢



KAM-KOTIA MINES LIMITED

DIRECTORS	<p>A. W. WHITE - - - - - Toronto, Ontario</p> <p>G. W. WALKEY - - - - - Toronto, Ontario</p> <p>D. F. BURT - - - - - Toronto, Ontario Solicitor, Burt, Burt, Wolfe & Bowman</p> <p>D. C. RANCE, Mine Manager, Dickenson Mines Balmertown, Ontario</p> <p>J. GEDDES - - - - - Mississauga, Ontario</p> <p>H. V. WHITE - - - - - Toronto, Ontario</p> <p>R. A. HALET - - - - - Toronto, Ontario Consulting Engineer, Halet, Broadhurst & Ogden</p>
OFFICERS	<p>A. W. WHITE - - - - - President</p> <p>G. W. WALKEY - - - - - Vice-President & General Manager</p> <p>H. R. HEARD - - - - - Secretary-Treasurer</p>
TIMMINS MINE Mine Manager Timmins Office Address	<p>H. V. MAXWELL Box 290, Timmins, Ontario</p>
WESTERN DIVISION Mine Manager Mine Office Address	<p>Wm. HOGG New Denver, British Columbia</p>
HEAD OFFICE	25 Adelaide St. West, Suite 416, Toronto, Ontario. Telephone 362-4581
TRANSFER AGENTS AND REGISTRAR	<p>The Sterling Trusts Corporation, Toronto, Ontario</p> <p>Canadian Bank of Commerce Trust Company, New York, N.Y.</p>
STOCK LISTED	Toronto and Canadian Stock Exchanges — Symbol KKL
SOLICITORS	Burt, Burt, Wolfe & Bowman, Toronto, Ontario
AUDITORS	Thorne, Gunn, Helliwell & Christenson, Toronto, Ontario
BANKERS	Canadian Imperial Bank of Commerce
ANNUAL MEETING	<p>Monday, May 29, 1972, at 2:15 p.m. (Toronto Time)</p> <p>Alberta Room, Royal York Hotel, Toronto, Ontario</p>

KAM-KOTIA MINES LIMITED

SUMMARY

10 YEAR RECORD

	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962
Metal recoveries—Timmins ..	*\$ 5,744	8,009	15,841	11,208	9,159	7,769	6,969	5,009	3,998	3,718
Depreciation and amortization	*\$ 474	700	691	777	898	676	646	791	583	474
Income (or loss) before income taxes	*\$ (597)	(2,801)	4,196	2,135	1,754	2,315	765	247	804	803
Income taxes	*\$ —	(1,080)	1,240	684	540	350	—	—	—	—
NET INCOME (or LOSS)	*\$ (597)	(1,721)	2,956	1,451	1,214	1,965	765	247	804	803
Income (loss) per share	\$ (.139)	(.412)	.69	.34	.29	.46	.18	.07	.22	.22
Dividends paid per share	\$ —	.12	.10	.10	.20	.10	—	—	—	—
Shares outstanding	* 4,290	4,290	4,290	4,247	4,247	4,247	4,247	3,697	3,659	3,459
Production —										
Tons	* 480	651	818	669	680	465	598	639	400	377
Grade of copper .....	.786%	.78%	1.205%	1.37%	1.36%	1.67%	1.56%	1.26%	2.00%	1.95%
Pounds of copper	* 6,093	8,225	16,071	14,448	14,850	12,707	15,338	13,692	12,868	12,036
Grade of zinc	2.57%	2.19%	3.27%	3.37%	1.78%	1.965%	1.39%	1.74%	—	—
Pounds of zinc	* 16,151	18,676	31,250	25,897	11,377	8,734	5,840	2,523	—	—
Net working capital (or deficit) at year-end	*\$ 1,294	232	5,066	2,769	1,834	1,798	955	(1,300)	(1,619)	(590)

* In thousands.

KAM-KOTIA MINES LIMITED

REPORT TO SHAREHOLDERS

The Board of Directors herewith presents the Annual Report of Kam-Kotia Mines Limited together with the Financial Statements reported upon by the auditors.

Major changes in operating policy were required due to low metal prices, reduction of ore reserves and tonnages reduced by about 25%.

Cash earned by the Timmins operation amounted to \$391,000 and income from the Kam-Kotia — Burkam Joint Venture added a further \$203,000, however, after making provision for depreciation and depletion of mining properties of \$474,000, and extraordinary items of \$745,000, as indicated in the Consolidated Statement of Income, a net loss for the year of \$597,000 was recorded.

The general financial position of the Company is considerably improved; the working capital of the Company has increased from \$232,000 in 1970 to \$1,294,000 in 1971 after paying off the Company's bank loan which stood at \$2,292,000 at the beginning of 1971, and after closing of the Cobalt Refinery and liquidating its inventory.

No major exploration was carried out during the year since it was considered that a complete study of all Kam-Kotia holdings in the area would be made before making further major commitments. This study is now in progress. This applies equally to the properties of Cincinnati-Porcupine Mines, Pleno Mines and Jameland Mines.

WESTERN OPERATIONS

KAM-KOTIA — BURKAM JOINT VENTURE

From the Statement of Operations of Kam-Kotia — Burkam Joint Venture included in this report it will be seen that the Venture returned an income of \$203,000 to Kam-Kotia Mines for the year 1971.

The Kam-Kotia — Burkam Joint Venture is operating, under lease, the Silmonac Mines Limited property in the Slocan Valley in B.C. The Kam-Kotia — Burkam Joint Venture advanced funds to explore, develop and operate the Silmonac property. Up to the start of production in September, 1970, \$841,000 of preproduction funds had been provided by the lessees. These funds were to be recovered from the first profits and then subsequently Silmonac is to receive 49% of the profits with the partners of the Joint Venture sharing equally in the remaining 51%. Of the \$841,000 expended, \$531,000 has been repaid and the remaining \$310,000 is expected to be repaid in 1972.

DAVIS-KEAYS MINING COMPANY LIMITED (N.P.L.)

Exploration and development in the mine, during 1971, increased proven and probable ore on the 5,950 level and upgraded substantially the grade of ore above the 6,400 level.

A re-assessment of policy regarding production plans has resulted in the preparation of a new feasibility report by Chapman, Wood & Griswold, based on the premise that a 600 to 800 tons per day plant could be economic and at the same time require less capital investment.

In the meantime, development has been suspended on the property until an improvement is seen in the price of copper. Efforts continue, however, to provide the necessary senior financing.

OIL INTERESTS — GRANDE PRAIRIE AREA

Your Company still maintains a major interest in approximately 9,000 acres of Pemberton and Natural Gas leases in the Province of Alberta.

These leases lie in a most interesting area south-east of the Gold Creek gas field and it is anticipated that, due to current interest in the area, the value of this asset will be greatly enhanced over the next few years.

COBALT REFINERY

The Cobalt Refinery operation was finally closed down in February, 1972. The inventory of silver, gold, cobalt, copper, at the beginning of 1971 was liquidated and in addition, during the year, a further 250,000 ounces of silver and 400 ounces of gold were salvaged from the circuits.

During the ten years of its operation, the Refinery had problems due to erratic availability of feed and the sources of silver requiring upgrading disappeared as silver settled back to current prices.

Some 65,000,000 ounces of fine silver were produced in the ten years and the C.R.K. brand of fine silver was respected for good delivery with The London Bullion Dealers, The New York Commodity Exchange and the Chicago Board of Trade.

APPRECIATION

The Board of Directors wishes to express its appreciation for the co-operation and loyalty of the Officers and Personnel of Kam-Kotia and its associated companies.

Submitted on Behalf of the Board,

ARTHUR W. WHITE,
President.

Toronto, Ontario,
April 14, 1972.

KAM-KOTIA MINES LIMITED

and its consolidated subsidiary companies

Consolidated Statement of Income

Year ended December 31, 1971

Mining	1971	1970 (as restated)
Revenue		
Metal recovery, gross value	\$5,744,000	\$8,009,000
Deduct transportation and treatment costs	2,333,000	2,897,000
	<u>\$3,411,000</u>	<u>5,112,000</u>
Expenses		
Development and mining	1,477,000	1,811,000
Milling	719,000	856,000
Mine management, office and general property	543,000	637,000
Ontario mining tax		156,000
Head office administrative and general	281,000	270,000
	<u>3,020,000</u>	<u>3,730,000</u>
Operating income before undernoted items	<u>391,000</u>	<u>1,382,000</u>
Deduct		
Depreciation	432,000	564,000
Depletion of mining properties (note 5)	42,000	48,000
Amortization of preproduction expenditures		88,000
	<u>474,000</u>	<u>700,000</u>
	(83,000)	682,000
Income from Kam-Kotia — Burkam Joint Venture	203,000	151,000
Operating income — mining	<u>120,000</u>	<u>833,000</u>
Outside exploration expenditures written off including write-off of certain shares acquired for exploration expenditures ..	30,000	269,000
	<u>90,000</u>	<u>564,000</u>
Investment Income		
Dividends from Dickenson Mines Limited		31,000
Other dividends, interest and royalties	60,000	145,000
Profit (loss) on sale of shares	(2,000)	139,000
	<u>58,000</u>	<u>315,000</u>
Income of continuing operations before income taxes	<u>148,000</u>	<u>879,000</u>
Provision for taxes on above income (note 8)		
Current		420,000
Deferred		(130,000)
		<u>290,000</u>
Income of continuing operations	<u>148,000</u>	<u>589,000</u>
Loss on operations of Cobalt Refinery discontinued in 1970, after income tax recoveries of \$1,370,000 and deprecia- tion of \$185,000		1,307,000
Income (loss) before extraordinary items	<u>148,000</u>	<u>(718,000)</u>
Extraordinary Items		
Provision for loss on realization of Cobalt Refinery plant and equipment	172,000	378,000
Allowance for decline in value of investments in other companies	573,000	673,000
	<u>745,000</u>	<u>1,051,000</u>
Loss for the year	<u>\$ 597,000</u>	<u>\$1,769,000</u>
Income (loss) per share		
Income (loss) before extraordinary items .....	.034	(.167)
Loss for the year	<u>.139</u>	<u>.412</u>

KAM-KOTIA MINES LIMITED

(Incorporated under the laws of Ontario)

and its consolidated subsidiary companies

Consolidated Balance Sheet

ASSETS

	1971	1970 (as restated)
Current Assets		
Cash	\$ 9,000	
Metal settlements outstanding and inventories of metals, concentrates and products in process at net realizable value (note 2)		
Copper and zinc	1,371,000	\$ 1,892,000
Silver and other refinery products	109,000	802,000
Accounts receivable	222,000	565,000
Income taxes recoverable	277,000	1,329,000
	<u>1,988,000</u>	<u>4,588,000</u>
Investment in Other Companies (note 3)	<u>6,278,000</u>	<u>7,247,000</u>
Fixed Assets		
Buildings, machinery and equipment at cost	7,726,000	7,767,000
Less accumulated depreciation	6,399,000	5,913,000
	<u>1,327,000</u>	<u>1,854,000</u>
Mining properties at cost less depletion (note 5)	54,000	96,000
Land at cost	7,000	7,000
	<u>1,388,000</u>	<u>1,957,000</u>
Other Assets and Deferred Charges		
Supplies at average cost	317,000	414,000
Prepaid expenses and deposits	79,000	103,000
	<u>396,000</u>	<u>517,000</u>
	<u>\$10,050,000</u>	<u>\$14,309,000</u>

Approved by the Board:

A. W. WHITE, Director.

R. A. HALET, Director.

December 31, 1971

LIABILITIES

	1971	1970 (as restated)
Current Liabilities		
Bank loan, secured (note 6)		\$ 2,292,000
Refinery settlements payable to shippers of concentrates and metallics ..		800,000
Payable to Jameland Mines Limited	\$ 178,000	303,000
Other accounts payable and accrued liabilities	509,000	791,000
Taxes payable, including Ontario mining tax	7,000	170,000
	<u>694,000</u>	<u>4,356,000</u>
 Shareholders' Equity		
Capital stock		
Authorized — 5,000,000 shares of \$1 each		
Issued — 4,290,000 shares	4,290,000	4,290,000
Deduct discount less premium	348,000	348,000
	<u>3,942,000</u>	<u>3,942,000</u>
Retained earnings	5,414,000	6,011,000
	<u>9,356,000</u>	<u>9,953,000</u>
	 <u><u>\$10,050,000</u></u>	 <u><u>\$14,309,000</u></u>

Commitment — Re Jameland Mines (note 4)

KAM-KOTIA MINES LIMITED

and its consolidated subsidiary companies

Consolidated Statement of Retained Earnings

Year ended December 31, 1971

	1971	1970 (as restated)
Balance at beginning of year		
As previously reported	\$6,583,000	\$8,819,000
Adjustment of prior years' depletion of mining properties (note 5)	572,000	524,000
As restated	6,011,000	8,295,000
Loss for the year	597,000	1,769,000
	5,414,000	6,526,000
Dividends		515,000
Balance at end of year	\$5,414,000	\$6,011,000

Consolidated Statement of Source and Application of Funds

Year ended December 31, 1971

	1971	1970 (as restated)
Source of Funds		
Operations		
Income (loss) before extraordinary items	\$ 148,000	\$ (718,000)
Items not involving current funds		
Depreciation, depletion, amortization and other items	499,000	1,036,000
Deferred income taxes		(130,000)
	647,000	188,000
Proceeds from sale of buildings, machinery and equipment (net)	14,000	
Proceeds from sale of shares of Davis-Keays Mining Co. Ltd.	700,000	
Decrease in investment in other companies (net)	22,000	
Decrease in supplies	97,000	
Refund of power line deposit	24,000	34,000
Special refundable tax		101,000
	1,504,000	323,000
Application of Funds		
Additions to buildings, machinery and equipment (net)		218,000
Investment in other companies		
Davis-Keays Mining Co. Ltd.	442,000	4,296,000
Other companies (net)		128,000
Dividends		515,000
	442,000	5,157,000
Increase (decrease) in working capital	1,062,000	(4,834,000)
Working capital at beginning of year	232,000	5,066,000
Working capital at end of year	\$ 1,294,000	\$ 232,000

KAM-KOTIA MINES LIMITED

and its consolidated subsidiary companies

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1971

1. SUBSIDIARY COMPANIES

The consolidated financial statements include the accounts of the wholly owned subsidiary companies, Deebank Limited and Cobalt Refinery Limited. The non-consolidated subsidiary companies have been excluded from the consolidation as they are dormant or are developing their properties and their expenditures since acquisition of control have been deferred to future operations, except for certain write-offs, security profits and custom milling losses, carried direct to deficit. The proportion of the losses attributable to the shares held by Kam-Kotia in such subsidiary companies for their fiscal years ended in 1971 amounts to \$1,100 (1970, net income \$5,400) and the proportion of accumulated losses attributable to these shares for the period since acquisition amounts to \$287,000 which is substantially less than the amounts written off in respect of the investment in such subsidiary companies.

2. METAL PRICES

In computing the net realizable value of metal settlements outstanding and inventories of metals, concentrates and products in process at December 31, 1971:—

- (a) copper has been valued at 47.1¢ per pound less treatment charges of 11.0¢ per pound, and
- (b) silver and other products in process have been valued at net selling prices, less costs to finish the products in process.

3. INVESTMENT IN OTHER COMPANIES

	1971	1970
Davis-Keays Mining Co. Ltd.		
1,002,050 (1970 — 902,050) shares at cost (quoted market value 1971 — \$700,000; 1970 — \$1,308,000)	\$3,823,000	\$3,353,000
Notes receivable	215,000	
Expenditures for which 245,990 shares were received in 1971		943,000
	<u>4,038,000</u>	<u>4,296,000</u>
Dickenson Mines Limited		
534,409 shares at cost (quoted market value 1971 — \$401,000; 1970 — \$566,000)	1,644,000	1,644,000
Jameland Mines Limited		
1,514,995 shares at cost (note 4)	805,000	805,000
Other listed shares at cost (quoted market value 1971 — \$158,000; 1970 — \$395,000)	295,000	310,000
Interest in non-consolidated subsidiary companies at cost less amounts written off (note 1)	54,000	77,000
Other shares, advances and participations at cost less amounts written off	1,221,000	1,292,000
	<u>8,057,000</u>	<u>8,424,000</u>
Less allowance for decline in value	<u>1,779,000</u>	<u>1,177,000</u>
	<u>\$6,278,000</u>	<u>\$7,247,000</u>

4. COMMITMENT — JAMELAND MINES LIMITED

Pursuant to an agreement dated October 15, 1968 with Jameland Mines Limited, Kam-Kotia and Dickenson Mines Limited have jointly guaranteed bank loans of Jameland amounting to \$1,000,000 at December 31, 1971. Under this guarantee commencing January 1, 1972 Kam-Kotia, as to 60%, and Dickenson, as to 40%, are advancing \$50,000 monthly to Jameland which is applying these funds as a reduction of its bank loan.

5. DEPLETION OF MINING PROPERTIES

In 1971 the company adopted the practice of making provision for depletion of mining properties by amortizing the cost of its mining properties over their estimated useful life. As a result of this change and its retroactive application:—

- (a) 1971 earnings reflect depletion of \$42,000,
 - (b) comparative figures for 1970 have been restated to reflect depletion of \$48,000; and
 - (c) retained earnings at January 1, 1970 has been restated to reflect depletion applicable to prior years of \$524,000.
6. SECURITY FOR BANK LOAN
- The bank loan was secured by investments owned by the company, metal settlements outstanding, and inventories of metals, concentrates and products in process.
7. DEPRECIATION
- Depreciation of buildings, machinery and equipment has been recorded on the straight line method at the rate of 15%.
8. INCOME TAXES
- Development expenditures of approximately \$1,800,000 are available to be claimed for tax purposes in future years. These expenditures consist of approximately \$1,600,000 made on Davis-Keays' mining property (for which shares of Davis-Keays were received and are included in investments) and approximately \$200,000 of expenditures on the company's mining property (which have been written off in the accounts but are still available to be claimed for tax purposes).
9. OTHER INFORMATION
- Direct remuneration of the company's directors and senior officers (including the five highest paid employees as required by The Business Corporations Act) amounted to \$117,000 in 1971 and \$114,000 in 1970.
- In addition the company paid \$130,000 in 1971 (1970 — \$144,000) to Mid-North Engineering Services Limited for management, accounting, secretarial and office services of which \$96,000 (1970 — \$96,000) was charged to head office administrative and general expense and \$34,000 (1970 — \$48,000) to refinery expenses.
10. COMPARATIVE FIGURES
- Comparative figures for 1970 have been reclassified according to the 1971 financial statement presentation.

AUDITORS' REPORT

To the Shareholders of
Kam-Kotia Mines Limited

We have examined the consolidated balance sheet of Kam-Kotia Mines Limited and its consolidated subsidiary companies as at December 31, 1971 and the consolidated statements of income, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1971 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles which, after giving retroactive effect to the change in accounting practice set out in note 5 to the financial statements, have been applied on a basis consistent with that of the preceding year.

Toronto, Canada,
March 30, 1972.

THORNE, GUNN, HELLIWELL & CHRISTENSON,
Chartered Accountants.

KAM-KOTIA MINES LIMITED

Statement of Operations of Kam-Kotia—Burkam Joint Venture

	Year ended December 31, 1971	Three months ended December 31, 1970
Revenue		
Metal recovery, gross value	\$2,553,000	\$ 824,000
Deduct transportation and treatment costs	971,000	277,000
	<u>1,582,000</u>	<u>547,000</u>
Expenses		
Exploration and development	171,000	44,000
Mining	351,000	97,000
Milling	280,000	52,000
Mine management, office and general property	178,000	40,000
	<u>980,000</u>	<u>233,000</u>
Operating income before undernoted items	<u>602,000</u>	<u>314,000</u>
Deduct		
Interest of joint venture partner (50%)	301,000	157,000
Depreciation	98,000	6,000
	<u>399,000</u>	<u>163,000</u>
Income — Kam-Kotia share	<u>\$ 203,000</u>	<u>\$ 151,000</u>

Kam-Kotia — Burkam Joint Venture

A Brief Summary of 1971 Operation

Tons of ore milled	39,154
Tons of ore per day	107
Value of Production	\$2,553,000.
Cash flow	\$ 602,000.
Average Mill Heads	
Silver, ounces per ton	17.99
Lead	6.39%
Zinc	6.60%

KAM-KOTIA MINES LIMITED

REPORT OF OPERATIONS

My report covering operations of the Timmins Area Mine for the year ending December 31, 1971 is submitted.

PRODUCTION DATA

Copper	1971	1961 to 1971
Dry Tons Milled	480,145	6,011,220
Average Tons Per Day	1,408	1,583
Mill Heads % Copper .....	.786	1.361
Copper Concentrate, Dry Tons ..	18,639.69	362,779.78
Copper Concentrate Grade ...	17.49%	19.146%
Pounds Returnable Copper	6,093,241	131,576,181
Copper Recovery %	86.3	84.89

Smelter Settlements Outstanding at December 31, 1971

Pounds of Copper	1,984,192
Pounds of Zinc	4,046,821

Zinc	1971	1964 to 1971
Dry Tons Milled	480,145	4,436,008
Mill Heads % Zinc	2.57	
Zinc Concentrate tons	19,125.21	146,344.65
Zinc Concentrate Grade	50.30%	49.479%
Pounds Returnable Zinc	16,151,451	119,676,141
Zinc Recovery %	77.90	65.472
Ounces Gold Paid for	479.177	5,180.553
Ounces Silver Paid for	43,684.84	617,611.72

MINING OPERATIONS

Underground mining operations supplied 480,145 tons, and accounted for all tonnage milled. Thru-put was reduced to scheduled 40,000 tons per month effective June 1st which was in line with the extractive capacity of remaining ore reserves. Surface stock piles

contained the following tonnages at the end of the year: Zinc Ore — 5,000 tons, .40% Copper and 3.30% Zinc. This ore may be treated in final stages of operations as it is too badly oxidized to treat with mine ore.

UNDERGROUND PRODUCTION

Total tonnage hoisted was 484,000 tons consisting of 479,745 tons of ore and 4,855 tons of miscellaneous development and production waste.

Stopes above the 5th level provided 130,650 tons and production below the 5th level was 349,095 tons. In 1972 the mine should be capable of supplying 40,000 tons of ore per month.

Broken and drilled off tonnage at the end of 1971, was 230,204 tons consisting of 209,464 tons broken and 20,740 tons drilled off ready to blast.

DEVELOPMENT

Total mine development was 3,388 feet comprised of 1,337 feet of raising and 2,051 feet of drifts and x-cuts, which was all stope development for preparing remaining ore blocks for production and pillar recovery project. No new ore was found, however ore

which was previously considered non-recoverable was re-evaluated and plans made for extraction. Increased price of zinc has made additional tonnages of ore available.

ORE RESERVES

Positive and Broken Ore Dec. 31, 1971:—

421,362 tons grading .91% copper and
3.44% zinc in the mine.

Probable Ore:—

200,000 tons grading .65% copper and
2.25% zinc.

24,175 tons grading 1.21% copper and
.39% zinc.

APPRECIATION

I record my appreciation and thanks to the staff and crew who were responsible for the continuance of operations during 1971 which has been a year of difficulties. The guidance and support of the General Manager, President and Directors is also gratefully acknowledged.

Respectfully submitted,

H. V. MAXWELL,
Mine Manager.

Jameland Mines Limited

DIRECTORS

A. W. WHITE	-	-	-	-	-	-	-	-	-	Toronto, Ontario
H. R. HEARD	-	-	-	-	-	-	-	-	-	Toronto, Ontario
D. F. BURT	-	-	-	-	-	-	-	-	-	Toronto, Ontario
G. W. WALKEY	-	-	-	-	-	-	-	-	-	Toronto, Ontario
JAMES GEDDES	-	-	-	-	-	-	-	-	-	Mississauga, Ontario
TOM B. BORRESEN	-	-	-	-	-	-	-	-	-	Stockholm, Sweden
TORSTEN E. JENSFELT	-	-	-	-	-	-	-	-	-	Stockholm, Sweden

OFFICERS

A. W. WHITE	-	-	-	-	-	-	-	-	-	President
G. W. WALKEY	-	-	-	-	-	-	-	-	-	Vice-President and General Manager
H. R. HEARD	-	-	-	-	-	-	-	-	-	Secretary-Treasurer
H. V. MAXWELL	-	-	-	-	-	-	-	-	-	Mine Manager

MINE OFFICE ADDRESS

Box 290, Timmins, Ontario

TRANSFER AGENTS AND REGISTRAR

THE STERLING TRUSTS CORPORATION, Toronto, Ontario

SOLICITORS

BURT, BURT, WOLFE & BOWMAN, Toronto, Ontario

AUDITORS

GARDNER, McDONALD & CO., Toronto, Ontario

BANKERS

CANADIAN IMPERIAL BANK OF COMMERCE

HEAD OFFICE

25 Adelaide St. West, Suite 416, Toronto, Ontario

ANNUAL MEETING

Tuesday, May 30, 1972, at 10:30 a.m. (Toronto Time), in Suite 416,
25 Adelaide Street West, Toronto, Ontario

Jameland Mines Limited

PRESIDENT'S REPORT TO THE SHAREHOLDERS

The Annual Report for 1971 is submitted herewith along with the financial statements and the auditors' report.

Every effort was made to reduce production costs. The year finished with a net loss to the company.

During 1971, exploration was confined to checking possible ore zones indicated by surface drilling, and exploring in the area of known deposits for possible extensions and parallel zones. The lack of cash flow made it impossible to carry out a broader exploration program and a large part of the property has still to be explored. As with Kam-Kotia, an overall review of the exploration potential is underway. Underground development of the deposits did not confirm grades assigned to some of the deposits on the basis of surface diamond drill holes. The deposits involved are all of the stringer type which are hard to evaluate. As a result, substantial tonnages formerly included in ore reserves have had to be taken out of ore reserves due to their low metal content.

If exploration in early 1972 is not successful in finding additional ore, current ore reserves will be exhausted by late 1972.

Respectfully submitted on behalf of the Board,

A. W. WHITE,
President.

April 14, 1972.

Jameland Mines Limited

(Incorporated under the laws of the Province of Ontario)

BALANCE SHEET — DECEMBER 31, 1971

ASSETS

	1971	1970
Current		
Cash in banks	\$ —	\$ 11,423
Metal settlements outstanding and concentrates on hand at net realizable value (notes 2 and 3)	514,899	645,692
Accounts and interest receivable	12,841	569
Prepaid insurance	2,744	1,456
	<u>530,484</u>	<u>659,140</u>
Fixed, at cost		
Buildings, machinery and equipment	1,174,568	1,174,568
Less: Accumulated depreciation	634,927	341,285
	<u>539,641</u>	<u>833,283</u>
Mining claims (note 1)	79,000	79,000
	<u>618,641</u>	<u>912,283</u>
Other Assets and Deferred Charges		
Supplies, at average cost	—	1,176
Service deposit, at cost	11,813	11,813
Shaft sinking and development expenditures, less amortization thereon (note 4)	530,215	1,166,473
	<u>542,028</u>	<u>1,179,462</u>
	<u>\$1,691,153</u>	<u>\$2,750,885</u>

LIABILITIES

Current		
Bank overdraft	\$ 771	\$ —
Bank loan (note 2)	1,000,000	1,000,000
Accounts payable	15,086	22,409
Due to affiliated company	337,274	345,061
	<u>1,353,131</u>	<u>1,367,470</u>

SHAREHOLDERS' EQUITY

Share Capital		
Authorized		
5,000,000 shares of \$1 par value each		
Issued		
5,000,000 shares	5,000,000	5,000,000
Less: Discount on shares	2,475,666	2,475,666
	<u>2,524,334</u>	<u>2,524,334</u>
Deficit	2,186,312	1,140,919
	<u>338,022</u>	<u>1,383,415</u>
	<u>\$1,691,153</u>	<u>\$2,750,885</u>

The accompanying notes form an integral part of these financial statements.

On behalf of the Board:

A. W. WHITE, Director.

H. R. HEARD, Director.

Jameland Mines Limited

STATEMENT OF INCOME

For the year ended December 31, 1971

Revenue	1971	1970
Metal recovery, gross value	\$2,158,367	\$2,443,592
Deduct: Transportation and treatment costs	737,624	482,777
	<u>1,420,743</u>	<u>1,960,815</u>
Expense		
Exploration and development	83,570	331,888
Mining	694,986	810,096
Milling	442,607	504,936
Mine management, office and general	160,416	176,514
Head office administration and general	46,521	50,871
Interest	108,136	129,068
	<u>1,536,236</u>	<u>2,003,373</u>
Operating Loss, before the undernoted items:	115,493	42,558
Amortization of shaft sinking and development expenditures (note 4) ...	636,258	636,258
Provision for depreciation of buildings, machinery and equipment (note 4)	293,642	293,642
	<u>929,900</u>	<u>929,900</u>
Net Loss for the Year	<u>\$1,045,393</u>	<u>\$ 972,458</u>

STATEMENT OF DEFICIT

For the year ended December 31, 1971

	1971	1970
Balance, at beginning of year	\$1,140,919	\$ 168,461
Add: Net loss for the year	1,045,393	972,458
Balance, at end of year	<u>\$2,186,312</u>	<u>\$1,140,919</u>

The accompanying notes form an integral part of these financial statements.

Jameland Mines Limited

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the year ended December 31, 1971

Source of Funds	1971	1970
Capital stock issued for cash	\$ —	\$ 593,329
Decrease in service deposit	—	11,755
Decrease in supplies	1,176	—
	<u>1,176</u>	<u>605,084</u>
Application of Funds		
Net loss for the year	1,045,393	972,458
Less: Charges not requiring the use of funds		
Amortization charges	(636,258)	(636,258)
Depreciation charges	(293,642)	(293,642)
	<u>115,493</u>	<u>42,558</u>
Fixed asset acquisitions	—	31,126
	<u>115,493</u>	<u>73,684</u>
Increase (Decrease) in Working Capital Deficiency	114,317	(531,400)
Working capital deficiency at beginning of year	708,330	1,239,730
Working Capital Deficiency at end of year	\$ 822,647	\$ 708,330

The accompanying notes form an integral part of these financial statements.

AUDITORS' REPORT

To the Shareholders,
Jameland Mines Limited.

We have examined the balance sheet of Jameland Mines Limited as at December 31, 1971, together with the statements of deficit, income and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1971, and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario,
March 21, 1972.

GARDNER, McDONALD & CO.,
Chartered Accountants.

Jameland Mines Limited

NOTES TO FINANCIAL STATEMENTS

December 31, 1971

1. MINING CLAIMS

The twenty-two mining claims situated in Robb and Jamieson Townships, Ontario, were acquired by the issue of 750,000 shares of capital stock of 10¢ per share and the payment in cash of \$4,000.

2. BANK LOAN

A registered general assignment of book debts under Section 88 of the Bank Act has been pledged as security for the bank loan. Additionally, Dickenson Mines Limited and Kam-Kotia Mines Limited have jointly guaranteed repayment.

On January 1, 1972 Dickenson and Kam-Kotia, commenced advancing a total of \$50,000 per month to Jameland. As agreed, Jameland is applying the funds so received in repayment of the bank loan and is issuing interest-bearing demand notes payable to Dickenson and Kam-Kotia for their advances.

3. METAL PRICES

In computing the net realizable value of metal settlements outstanding and concentrates on hand at December 31, 1971 —

- (a) copper has been valued at 47¢ per pound less treatment charges of approximately 10.9¢ per pound; and,
- (b) zinc and other products have been valued at net selling prices.

4. DEPRECIATION AND AMORTIZATION

Depreciation and amortization have been recorded in the company's accounts using the straight line method at rates of 25% and 33⅓% per annum respectively.

5. INCOME TAXES

Under the terms of an agreement dated October 15, 1968, certain of the company's exploration and development program was financed by Kam-Kotia Mines Limited in return for shares of capital stock issued in consideration of expenditures made. The company has included \$1,000,000 in its shaft sinking and development account representing expenditures made in accordance with the above-mentioned agreement. Under the terms of Section 83A of the Income Tax Act such expenditures have been claimed for tax purposes by Kam-Kotia and, as a result, may not be claimed by the company.

6. STATUTORY INFORMATION

Remuneration of directors and senior officers (as defined in the Business Corporations Act, 1970) during the year ended December 31, 1971 amounted to \$1,400 (\$1,650 in 1970).

Jameland Mines Limited

REPORT OF OPERATIONS

My report covering the Company's Timmins Area Mine for the year ending December 31, 1971:—

PRODUCTION AND MILLING

Tonnage hoisted was 165,274 tons comprised of 157,116 tons of ore and 8,158 tons of development waste.

156,586 tons of ore were milled at Kam-Kotia's plant during 1971. Average grade of ore milled was 1.29% copper and 1.95% zinc.

PRODUCTION DATA

Copper	1971	1970	Total to Date
Dry Tons Milled	156,586	191,810	375,577
Average Tons Per Day ..	429	526	514
Mill Heads Copper % ..	1.290	1.381	1.330
Copper Concentrate			
Dry Tons	10,015.66	12,450.84	24,325.90
Copper Concentrate			
Grade %	17.45	18.11	17.79
Copper Recovery %	86.40	86.80	86.64
Pounds Returnable			
Copper	3,268,760	4,244,147	8,080,842
Ounces Silver Paid for ..	14,542.44	17,525.22	35,146.96
Ounces Gold Paid for ..	161.856	145.236	335.665
Zinc	1971		Total to Date
Dry Tons Milled	156,586		156,586
Zinc Mill Heads %	1.95		1.95
Zinc Concentrate Tons ..	3,997.77		3,977.77
Zinc Concentrate			
Grade %	49.82		49.82
Pounds of Returnable			
Zinc	3,322,542		3,322,542
Zinc Recovery %	64.40		64.40

MINING OPERATIONS

Underground operations supplied all the mill feed from mining and stope development.

Total Mine Development was 3,529 feet as follows:—

	Waste Development	Stope Development in Ore
1st Level	95.0 ft.	Nil
2nd Level	234.0 ft.	133.0 ft.
3rd Level	576.0 ft.	85.0 ft.
4th Level	819.0 ft.	1,587.0 ft.
Total	1,724.0 ft.	1,805.0 ft.

The waste development on the 2nd, 3rd and 4th Levels was mainly for access to develop the ore lenses.

ORE RESERVES

Positive and broken ore:—

105,982 tons grading 1.13% copper and 5.18% zinc.

Possible Ore:—

10,000 tons grading 2.92% copper and .36% zinc.

ACKNOWLEDGEMENT

I record my appreciation and thanks to the staff and crew who are responsible for the carrying out of the work during the year.

The guidance and support of the General Manager, President and Directors which has always been available is likewise gratefully acknowledged.

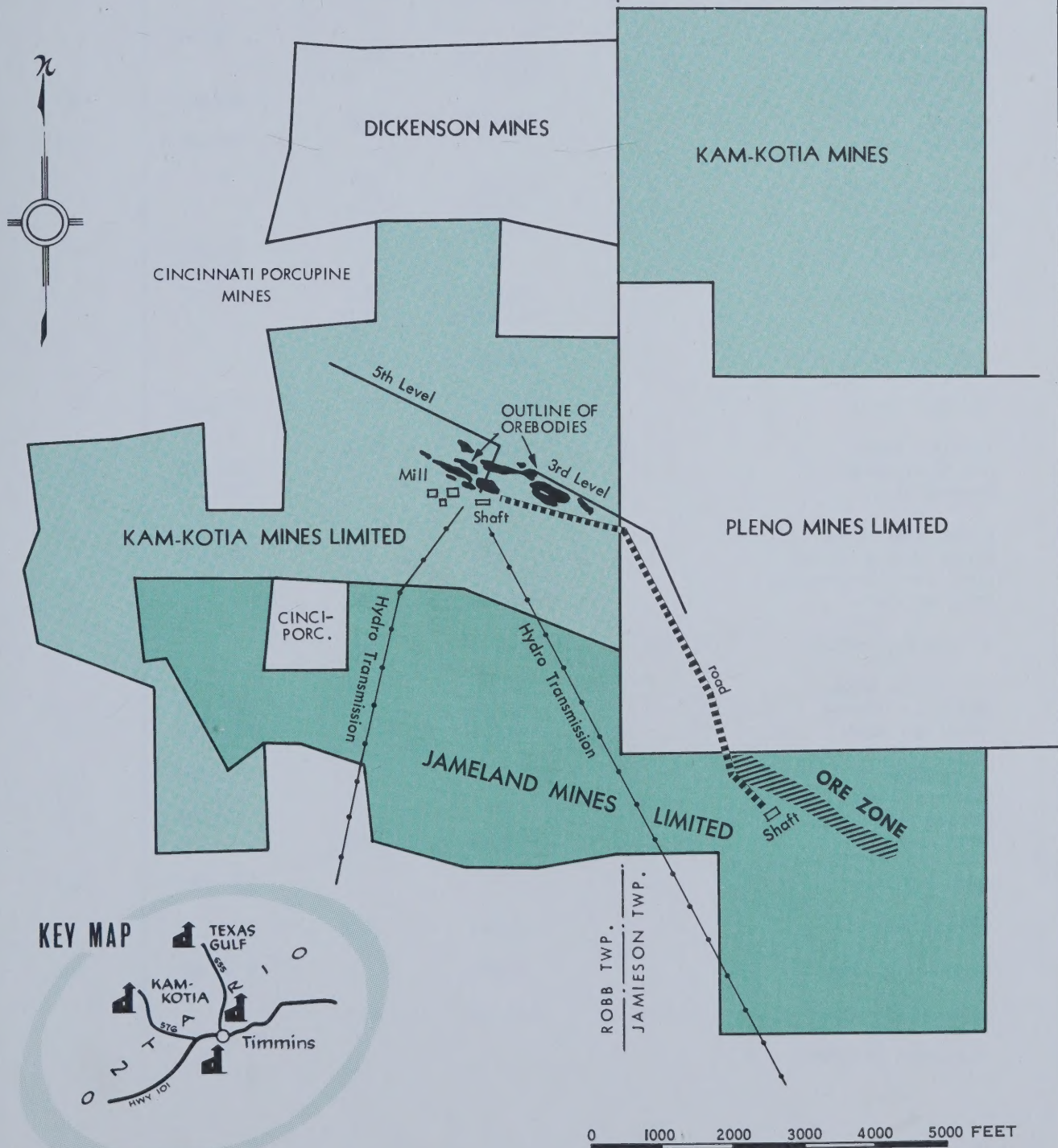
Respectfully submitted,

H. V. MAXWELL,
Mine Manager.

Location Map

KAM-KOTIA MINES LIMITED & JAMELAND MINES LIMITED

KAMISKOTIA-TIMMINS MINING AREA, ONTARIO



INVESTMENT SCHEDULE

THESE COMPANIES held shares in THESE COMPANIES ↓ at December 31, 1971	KAM-KOTIA (including Deebank)	Percentage of Outstanding shares	DICKENSON	Percentage of Outstanding shares
Abino Gold Mines Limited	586,250	17.7	1,354,700	40.8
Amalgamated Rare Earth	579,434	13.7		
Candore Explorations			36,666	.7
Carnegie Mining	1,615,018*	68.1		
Cincinnati-Porcupine	2,625,779	41.9		
Consolidated Brewis			454,882	26.4
Canadian Arrow	704,417	19.8		
Craibbe-Fletcher			983,300	27.3
Davis-Keays Mining	1,002,050	33.7		
Deebank Limited	10,003*	100.0		
Dickenson Mines	534,409	15.0		
Duchesne Red Lake			875,500*	64.9
Gateway Uranium	330,000	22.4		
Glencair Mining	1,141,322*	57.1		
Inore Gold Mines	604,000	34.5		
Jameland Mines	1,514,995	30.3	775,000	15.5
Kamisfair Mines	640,000*	85.3		
Kam-Kotia Mines			2,097,108	48.9
Kenwest Mines			1,800,008*	60.0
Laddie Gold Mines	75,000	4.3	475,000	26.7
Langis Silver & Cobalt	67,500	1.7	369,450	9.7
Lithia Mines & Chemicals	680,710*	64.5		
Lone Bachelor	1,180,000*	89.8		
Mareast Explorations	438,000	23.5		
New Kelore Mines	256,050	4.9		
New Cinch Uranium	35,000	1.7	425,000	20.2
Nickel Rim Mines	174,000	2.9	274,000	4.6
Parvus Mines			773,000	48.3
Penobscot Mining Company			957,318	48.7
Pidgeon Molybdenum			391,000	23.5
Pleno Mines	948,549	39.2		
Robin Red Lake			2,308,088*	80.3
Silmonac Mines	657,031	22.2		
Tundra Gold Mines	15,000	.4	1,188,588	28.0
United Macfie Mines	1,243,760	41.1		

*Subsidiary companies.

